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Philippines

Retail Food Sector

Rustan Supermarket Merges with Shopwise

2006

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Report Highlights:

Rustan's Commercial Corporation (RCC) which operates a chain of supermarkets under the Rustan's Supermarket Fresh and Rustan Express banners with 22 stores nationwide, signed an agreement to lease all of its Supermarket Division assets to Rustan's Supercenters, Inc. (RSCI), a separate business entity, that operates a chain of six hypermarkets under the Shopwise banner. Rustan Supermarket Fresh and Rustan Express chain of stores will continue to operate under the same banners.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Manila [RP1]
[RP]

Rustan's Commercial Corporation (RCC) which operates a chain of supermarkets under the Rustan Supermarket Fresh and Rustan Express banners with 22 stores nationwide, signed an agreement to lease all of its Supermarket Division assets to Rustan's Supercenters, Inc. (RSCI) - a separate business entity that operates a chain of 6 hypermarkets under the Shopwise banner. Rustan Commercial Corporation decided to let go of its Supermarket Division to concentrate on its core department store business.

Founded in 1970, Rustan Supermarket is a pioneer and trendsetter in modern grocery retailing having introduced numerous innovations. This includes groundbreaking promotions, such as the buy 1 take 1 offer; to the Frequent Shoppers Program (FSP), the first modern retail loyalty program in the industry; to "Grocerying", the first ever grocery delivery in the country. Rustan Supermarket defined, to a large extent, the very concept of modern food retailing in the Philippines.

Shopwise, the pioneer in hypermarket operations in the Philippines, formally began operations in November, 1998. Since then, it has grown to six branches located in Alabang, Makati, Libis, Araneta Center, Antipolo, and Harrison Plaza – all in the Metro Manila area. The seventh Shopwise branch is expected to open next February in the Metro Manila area of Sucat.

Rustan's supermarkets formally ceased operations at the end of October, and is set to re-open under Shopwise management on November 15 - giving the latter the immense task of consolidating the operations of the two entities within two weeks including the re-encoding of 40,000 SKUs into its computer system. The stores' positioning will remain focused on serving the market that it has cultivated and nurtured over 35 years of operations. Customers can expect immediate improvements in terms of in-stock situation of the stores, and more gradual improvements over the next two years on other aspects of marketing and operations. The new Rustans Supermarket, under the Shopwise management, is expected to offer a new level of shopping experience.

The Philippines is a key market in Southeast Asia for U.S. consumer-oriented agricultural exports, with sales reaching \$218 million in 2005. Major exports include meats, dairy products, snackfood, processed foods, fresh fruit and vegetables and pet food.